

## Kobe Steel's Consolidated Financial Results for the First Quarter of Fiscal 2023 (April 1-June 30, 2023)

August 8, 2023

Company name: Kobe Steel, Ltd.  
 Code number: 5406  
 Stock exchanges listed: Tokyo and Nagoya, Japan  
 Website: <https://www.kobelco.co.jp/english/>  
 Representative: Mitsugu Yamaguchi, President, CEO and Representative Director  
 Filing of quarterly report: August 8, 2023  
 Dividend payments begin: ---  
 Supplemental information available: Yes  
 IR Briefing: Yes (available only in Japanese)  
 Contact: General Administration and CSR Department  
 Tel. +81 (0) 3 5739-6010

(Sums of less than 1 million yen are omitted.)

### 1. Consolidated results for the first quarter of fiscal 2023 (April 1-June 30, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023 1Q	598,689	10.3	34,040	321.9	35,904	19.7	25,451	21.0
FY2022 1Q	542,807	17.2	8,068	(67.5)	29,988	25.0	21,038	11.2

Note: Comprehensive income FY2023 1Q: 31,512 million yen [(4.1)%]  
 FY2022 1Q: 32,875 million yen [(8.4)%]

	Profit per share	Diluted profit per share
	Yen	Yen
FY2023 1Q	64.44	—
FY2022 1Q	53.32	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
FY2023 1Q	2,854,977	998,903	32.7
FY2022	2,874,751	977,653	31.8

Reference: Equity capital FY2023 1Q: 933,991 million yen FY2022: 913,956 million yen

### 2. Dividends

	Annual dividends				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	15.00	—	25.00	40.00
FY2023	—	—	—	—	—
FY2023 Forecast	—	45.00	—	45.00	90.00

Revision to the dividend forecast for fiscal 2023 from the previous announcement: Yes

For more information, please refer to the "Announcement on Revision to Dividend Payout Ratio and Dividend Forecast for Fiscal 2023, Ending March 31, 2024" announced today.

### 3. Consolidated earnings forecast for fiscal 2023 (April 1, 2023–March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First-half	1,270,000	8.6	80,000	304.6	70,000	67.4	65,000	132.1	164.59
Full year	2,590,000	4.8	165,000	91.0	145,000	35.7	120,000	65.4	303.86

Revision to the consolidated forecast for fiscal 2023 from the previous announcement: Yes

For more information, please refer to the IR briefing material "Financial Results for the First Quarter of Fiscal 2023 and Forecast for the Full Fiscal Year" announced today.

#### Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries due to changes in scope of consolidation): No

(2) Adoption of specific accounting procedures for preparing the quarterly consolidated financial statements: No

(3) Changes in accounting policies, estimates and restatement on the preparation of consolidated financial statements

- Changes in accounting policies due to revised accounting standards: No

- Changes in accounting policies due to other reasons: No

- Changes in accounting estimates: No

- Restatement: No

(4) Number of issued shares (common shares)

	FY2023 1Q	FY2022
Number of issued shares (including treasury shares)	396,345,963 shares	396,345,963 shares
Number of treasury shares	1,436,385 shares	1,432,196 shares
Average number of shares (1Q)	394,911,207 shares	394,546,987 shares

#### **Explanation on the Appropriate Use of the Forecast and Other Special Notes**

The above forecast is based on currently available information as of today.

Actual results may differ considerably due to various changeable conditions in the future.

For preconditions on the forecast and other related factors, please refer to the IR briefing material "Financial Results for the First Quarter of Fiscal 2023 and Forecast for the Full Fiscal Year".

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Balance Sheets

(In millions of yen)

ASSETS	FY2022	FY2023 1Q
	Ended March 31, 2023	Ended June 30, 2023
<b>Current assets</b>		
Cash and deposits	203,520	262,441
Notes and accounts receivable - trade, and contract assets	428,571	347,202
Merchandise and finished goods	242,752	257,516
Work in process	167,485	170,174
Raw materials and supplies	290,419	290,699
Other	88,039	76,219
Allowance for doubtful accounts	(4,802)	(4,711)
Total current assets	1,415,987	1,399,543
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	292,878	291,247
Machinery, equipment and vehicles, net	586,122	576,485
Land	135,518	136,264
Other, net	51,516	53,949
Total property, plant and equipment	1,066,035	1,057,946
<b>Intangible assets</b>	37,579	38,097
<b>Investments and other assets</b>		
Investment securities	204,627	215,603
Other	170,808	164,859
Allowance for doubtful accounts	(20,287)	(21,073)
Total investments and other assets	355,148	359,389
Total non-current assets	1,458,764	1,455,433
<b>Total assets</b>	2,874,751	2,854,977

<b>LIABILITIES</b>	<b>FY2022</b> Ended March 31, 2023	<b>FY2023 1Q</b> Ended June 30, 2023
<b>Current liabilities</b>		
Notes and accounts payable - trade	605,709	557,260
Short-term borrowings	169,216	166,012
Current portion of bonds payable	900	—
Income taxes payable	13,140	5,820
Provisions	51,038	37,967
Other	209,798	234,675
Total current liabilities	1,049,803	1,001,737
<b>Non-current liabilities</b>		
Bonds payable	45,000	65,000
Long-term borrowings	646,697	633,173
Lease liabilities	45,240	43,536
Retirement benefit liability	71,376	73,597
Provisions	2,688	2,658
Other	36,292	36,371
Total non-current liabilities	847,295	854,336
<b>Total liabilities</b>	1,897,098	1,856,073
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Share capital	250,930	250,930
Capital surplus	116,430	116,307
Retained earnings	472,757	488,303
Treasury shares	(1,879)	(1,883)
Total shareholders' equity	838,238	853,656
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	34,877	41,503
Deferred gains or losses on hedges	(7,082)	(10,043)
Revaluation reserve for land	(3,400)	(3,400)
Foreign currency translation adjustment	32,562	33,399
Remeasurements of defined benefit plans	18,760	18,874
Total accumulated other comprehensive income	75,717	80,334
<b>Non-controlling interests</b>	63,696	64,912
<b>Total net assets</b>	977,653	998,903
<b>Total liabilities and net assets</b>	2,874,751	2,854,977

## Consolidated Statements of Income

(In millions of yen)

	FY2022 1Q Ended June 30, 2022	FY2023 1Q Ended June 30, 2023
<b>Net sales</b>	542,807	598,689
<b>Cost of sales</b>	478,255	503,380
<b>Gross profit</b>	64,551	95,309
<b>Selling, general and administrative expenses</b>	56,482	61,269
<b>Operating profit</b>	8,068	34,040
<b>Non-operating income</b>		
Interest income	359	530
Dividend income	2,586	2,558
Seconded employees' reimbursement	822	800
Share of profit of entities accounted for using equity method	5,971	—
Foreign exchange gains	6,878	4,054
Other	13,348	3,837
Total non-operating income	29,965	11,779
<b>Non-operating expenses</b>		
Interest expenses	3,118	3,507
Seconded employees' salaries	2,262	2,282
Share of loss of entities accounted for using equity method	—	247
Other	2,666	3,879
Total non-operating expenses	8,046	9,915
<b>Ordinary profit</b>	29,988	35,904
<b>Profit before income taxes</b>	29,988	35,904
<b>Income Taxes</b>		
Income taxes - current	3,953	7,315
Income taxes - deferred	4,477	2,323
Total income taxes	8,431	9,639
<b>Profit</b>	21,557	26,265
<b>Profit attributable to non-controlling interests</b>	518	813
<b>Profit attributable to owners of parent</b>	21,038	25,451

## Consolidated Statements of Comprehensive Income

(In millions of yen)

	FY2022 1Q Ended June 30, 2022	FY2023 1Q Ended June 30, 2023
<b>Profit</b>	21,557	26,265
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	951	5,932
Deferred gains or losses on hedges	337	(2,972)
Foreign currency translation adjustment	7,490	(1,245)
Remeasurements of defined benefit plans, net of tax	215	122
Share of other comprehensive income of entities accounted for using equity method	2,323	3,409
Total other comprehensive income	11,318	5,247
<b>Comprehensive income</b>	32,875	31,512
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,112	30,088
Comprehensive income attributable to non-controlling interests	1,763	1,423

### Notes

Notes on the going concern assumption: None

Notes on substantial changes in the amount of stockholders' equity: None